



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 3, 2023

TO: USAID/Jordan Mission Director, Leslie Reed

FROM: USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, David Clark /s/

SUBJECT: Audit of the Schedule of Expenditures of Local Currency Trust Fund Managed by USAID/Jordan, October 1, 2020, to September 30, 2022 (8-278-23-022-N)

This memorandum transmits the final audit report on the schedule of expenditures of Local Currency Trust Fund (LCTF) managed by USAID/Jordan, from October 1, 2020, to September 30, 2022. USAID/Jordan contracted the independent audit firm Ernst & Young, Jordan to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program by an unaffiliated audit organization since no such program is offered by professional organizations in Jordan. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on USAID/Jordan's schedule of expenditures; the effectiveness of its internal controls; or its compliance with the LCTF agreement terms, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects (2) evaluate USAID/Jordan LCTF's internal controls, and (3) determine whether USAID/Jordan complied, in all material respects, with the Trust Fund agreement and its subsequent amendments' applicable terms, relevant ADS 627 titled 'Local Currency Trust Fund Management' and USAID/Jordan mission order 627-18-01. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$12,171,559, from October 1, 2020, to September 30, 2022.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, the local currency account funds received, and expenditures disbursed for the period audited. The audit firm did not identify any questioned costs or any material internal control weaknesses but identified two material instances of noncompliance.

During our desk review, we noted issues which the audit firm will need to address in future

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

audit reports. We presented these issues in a memo to the controller dated August 3, 2023.

To address the issues identified in the report, we recommend that USAID/Jordan:

Recommendation I: Corrects the two material instances of noncompliance detailed on pages 11-14, of Ernst & Young, Jordan report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) (“commercial or financial information obtained from a person that is privileged or confidential”). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act.²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.